

An organization formed to make recommendations with respect to the establishment, revision, and change of rates, tariffs, rules, regulations, and practices for its members who are regulated by the Interstate Commerce Commission and to publish the prevailing rates may be exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

Advice has been requested whether the organization described below qualifies for exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code of 1954.

The organization consists of motor carriers who are common carriers subject to the rules and regulations of the Interstate Commerce Commission (ICC). They are required to file proposed rates with the ICC. Membership is open to any such carrier operating in the area served by the organization.

The organization investigates, analyzes, compiles, disseminates, and makes recommendations to the ICC with respect to establishment, revision, and change of rates, tariffs (compilations of rates), rules, regulations, and practices in the industry. It participates in proceedings before the ICC on behalf of the industry. However, the organization does not appear before the Commission in behalf of any individual member. It publishes tariff books containing the joint rates as well as the tariffs of individual members who do not wish to join in the general agreement on a particular rate. It also maintains a research department which analyzes the activities of competing type of carriers, conducts research for the improvement of tariffs, and compiles information concerning the operations of carriers generally.

Section 501(c)(6) of the Code provides for the exemption of business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that a business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

In establishing uniform rates for its membership and gaining approval of such rates by the ICC, the organization is furthering the business interests of the motor carrier industry as a whole. The compilation, publication, and dissemination of rates in the manner described also further such interests and, in addition,

accomplish a vital public service by informing shippers and the public about prevailing freight rates. The other activities described above likewise help to improve conditions within the industry.

Based on the facts presented, the organization is neither engaging in a business ordinarily carried on for profit nor performing particular services for individual persons. Accordingly, the organization is exempt from Federal income tax as a business league under section 501(c)(6) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(6) of the Code, file an application on Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.